

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:

Peabody Energy Corporation, et al.,
Debtors.¹

Case No. 16-42529
CHAPTER 11

(Joint Administration Requested)

Hearing Date and Time:
TBD

Hearing Location:
TBD

**MOTION OF THE DEBTORS, PURSUANT TO SECTIONS 105(a), 362 AND 541
OF THE BANKRUPTCY CODE, FOR ENTRY OF INTERIM AND FINAL
ORDERS: (I) ESTABLISHING NOTICE AND OBJECTION PROCEDURES FOR
TRANSFERS OF EQUITY SECURITIES; (II) ESTABLISHING A RECORD DATE
FOR NOTICE AND SELL-DOWN PROCEDURES FOR TRADING IN CLAIMS
AGAINST THE DEBTORS' ESTATES; AND (III) GRANTING RELATED RELIEF**

Peabody Energy Corporation ("PEC") and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), hereby move this Court, pursuant to sections 105(a), 362 and 541 of title 11 of the United States Code (the "Bankruptcy Code"), for the entry of interim and final orders (respectively, the "Interim Order" and "Final Order"): (a) establishing notice and objection procedures that must be satisfied before certain transfers of beneficial interests in equity securities in PEC ("Equity Securities") are deemed effective; (b) establishing a record date (the "Record Date") for notice

¹ The Debtors are their employer identification numbers are listed on Schedule 1 attached hereto. The addresses for each of the Debtors are set forth in the Debtors' chapter 11 petitions.

and potential sell-down procedures for trading in claims against the Debtors ("Claims"); and
(c) granting related relief, and in support thereof, respectfully represent as follows:²

Jurisdiction and Venue

1. This Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334 and Rule 81-9.01(B)(1) of the Local Rules of the United States District Court for the Eastern District of Missouri. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

2. On April 13, 2016 (the "Petition Date"), the Debtors commenced their reorganization cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. Debtor PEC is a Delaware corporation headquartered in St. Louis, Missouri. PEC was incorporated in 1998 and became a public company in 2001. Each of the other Debtors is a wholly-owned direct or indirect subsidiary of PEC.

4. PEC is the world's largest private-sector coal company (by volume), with 26 active coal mining operations located in the United States and Australia. The Debtors' domestic mines produce and sell thermal coal, which is primarily purchased by electricity generators. PEC's Australian operations mine both thermal and metallurgical coal, a majority of which is exported to international customers. As of December 31, 2015, Debtor PEC and its

² Copies of the proposed orders will be made available on the Debtors' case website at <http://www.kccllc.net/peabody>.

subsidiaries' property holdings include 6.3 billion tons of proven and probable coal reserves and approximately 500,000 acres of surface property through ownership and lease agreements. In the United States alone, as of December 31, 2015, the Debtors held an estimated 5.5 billion tons of proven and probable coal reserves, and the Debtors generated sales of approximately 180 million tons of coal. In addition to its mining operations, the Debtors market and broker coal from other coal producers across the United States, Australia, Europe and Asia.

5. The Debtors operate in a competitive and highly regulated industry that has experienced strong headwinds and precipitously declining demand and pricing in recent years due to the rise of low priced alternative energy sources – including an abundance of natural gas. Combined with these factors, slowing global economic growth drove a wide range of goods prices lower in 2015 and resulted in the largest broad market decline since 1991. Indeed, demand from electric utilities in the United States alone declined approximately 110 million tons in 2015. These market conditions, in connection with lower realized pricing in the United States and Australia, resulted in a 21.0 million ton decline in the Debtors' and their non-debtor subsidiaries' coal sales during 2015. As a result of these challenges, several large United States coal companies have filed for chapter 11 protection in recent years.

6. A comprehensive description of the Debtors' businesses and operations, capital structure and the events leading to the commencement of these chapter 11 cases can be found in the Declaration of Amy Schwetz, Executive Vice President and Chief Financial Officer of Debtor PEC, in Support of First Day Motions of Debtors and Debtors in Possession (the "First Day Declaration"), which was filed contemporaneously herewith and is incorporated herein by reference.

Argument

The Debtors' Net Operating Losses, Tax Credits and Other Losses

7. The common stock of PEC is publicly traded. As of April 4, 2016, there were approximately 18,530,028 shares of PEC common stock outstanding, with a total market capitalization of approximately \$43 million. As of the Petition Date, PEC also has outstanding \$732.5 million in principal amount of convertible junior subordinated debentures that are generally convertible into shares of PEC perpetual preferred stock upon the occurrence of certain events but may be converted into shares PEC common stock in limited circumstances.

As described more fully in the First Day Declaration, PEC has approximately \$4.3 billion in outstanding secured debt obligations and \$4.5 billion in outstanding unsecured debt obligations.

8. The Debtors have incurred losses and other creditable expenses for federal income tax purposes during the course of operating their business. As of December 31, 2015, the Debtors currently estimate they have net federal tax credits of approximately \$635 million and federal tax capital losses of approximately \$180 million, and the Debtors expect to incur additional tax losses and credits through the Petition Date and through the time that they emerge from their chapter 11 cases. These items are referred to herein, for the sake of simplicity, collectively as "NOLs." NOLs are valuable tax attributes, which could translate into future reductions of the Debtors' income tax liabilities.

9. As described more fully below, the Debtors may lose the ability to use their NOLs if they experience an "ownership change" for federal income tax purposes. To prevent this potential loss of property of the Debtors' estates, the Debtors request Court approval of the procedures detailed herein to govern the transfers of Equity Securities during the pendency of these chapter 11 cases. In addition, the Debtors may ultimately need to seek an order (a "Sell-Down Order") in connection with a plan of reorganization or a qualifying asset

sale with respect to trading in Claims to protect and preserve the value of their NOLs, and this Motion is designed to give advance notice of such possibility.

Potential Limitations on the Use of the Debtors' NOLs

10. Section 172 of the Internal Revenue Code of 1986, as amended (the "IRC"), permits a corporate taxpayer to carry forward net operating losses for up to 20 subsequent tax years to offset future income in years following the years in which they were incurred, thereby reducing its federal income tax liability on such future income and significantly improving its cash position. However, section 382 of the IRC limits the income against which net operating losses may be deducted after an ownership change. Section 383 of the IRC (by reference to section 382) similarly limits on the income against which tax credits and other losses may be applied after an ownership change.

A. Ownership Change Outside the Context of a Chapter 11 Plan

11. Sections 382 and 383 of the IRC limit the ability of a corporation to use its NOLs after an "ownership change" occurs. Generally, an "ownership change" occurs if the percentage (by value) of the stock of the corporation owned by one or more 5% shareholders has increased by more than 50 percentage points over the lowest percentage of stock owned by such shareholders at any time during the relevant testing period, which is usually the three-year period ending on the date of the ownership change.³ For example, an ownership change would occur in the following situation:

³ In general, under section 382(g)(4)(A) of the IRC, all shareholders who individually hold less than 5% of the stock of a company are deemed to be a single 5% shareholder throughout the three-year testing period, and transfers between such shareholders are disregarded for purposes of determining whether an ownership change has occurred (sometimes referred to as the "public group rule"). Accordingly, the Debtors do not seek to impose the requested notice and objection procedures on Transfers (as such term is defined below) among shareholders holding less than 4.5% of PEC's stock, provided that such shareholders do not have an intent to accumulate a 5% or greater block of stock or add or sell shares to or from such block. To allow

Three individuals ("A," "B" and "C") each own 20% of the stock of corporation X ("X"). Each sells 15% to another individual ("D"), who has recently acquired 7%. Under section 382 of the IRC, an ownership change has occurred because D both became a 5% shareholder and increased his ownership in X by more than 50 percentage points (from 0% to 52%) during the testing period.

12. When an ownership change occurs, the normally applicable rules of sections 382 and 383 of the IRC limit a corporation's use of its "pre-change" NOLs against future taxable income in any taxable year (or a portion thereof) to an annual amount equal to (a) the value of its stock prior to the ownership change, multiplied by (b) the long-term, tax-exempt interest rate. See I.R.C. § 382(b). For a distressed company especially, this limitation could severely restrict the use of NOLs because the value of its stock may be quite low. For example, if a hypothetical corporation were to become distressed, such that its equity value was \$10 million, and undergo an ownership change when its equity value was at this depressed level, the annual limitation on the corporation's use of its NOLs resulting from that ownership change would be \$253,000 (based on a 2.53% long-term, tax-exempt rate that would apply under section 382 of the IRC for an ownership change occurring in April 2016). In other words, the corporation would be able to utilize only \$253,000 of its NOLs in each post-change tax year. Taxable income in excess of this amount would be taxable to the company at the federal rate of 35%.

13. Thus, if left unrestricted, transfers of Equity Securities during the pendency of these chapter 11 cases could severely limit the Debtors' ability to use their NOLs,

(Continued...)

for a prudent margin of error and in a good faith effort to avoid underestimating the threshold, the Debtors have calculated the threshold using 4.5% instead of 5%.

and could have significant negative consequences for the Debtors, their estates and their efforts to maximize value for creditors. Specifically, transfers of Equity Securities could adversely affect the Debtors' NOLs if: (a) too many 5% or greater blocks of Equity Securities are created; or (b) too many Equity Securities are added to or sold from such blocks, such that, together with previous transfers by or to 5% shareholders during the preceding three-year period (or shorter period where there has been a more recent ownership change), an ownership change within the meaning of section 382 of the IRC has occurred prior to consummation, and outside the context, of a confirmed chapter 11 plan.

14. Thus, to preserve to the fullest extent possible the flexibility to craft a plan of reorganization that maximizes the use of their NOLs or to shelter taxable income or gain, if any, from any sale of their assets through a court-supervised auction process, the Debtors seek limited relief that will enable them to closely monitor certain Transfers (as defined below) of Equity Securities, and thereby put the Debtors in a position to act expeditiously to prevent or to limit such Transfers if necessary to preserve their NOLs.

B. Ownership Change in the Context of a Qualifying Bankruptcy Event

15. The limitations imposed by sections 382 and 383 of the IRC are significantly relaxed if an ownership change occurs pursuant to a confirmed chapter 11 plan (a "Plan") or a qualifying asset sale. Under section 382(l)(5) of the IRC, a debtor corporation is not subject to the limitations imposed by section 382 of the IRC if: (a) the ownership change resulted from consummation of a Plan or a qualifying asset sale, and (b) pursuant to the Plan or a qualifying asset sale, the debtor's pre-change-in-ownership equity holders (i.e., persons or entities who owned the debtor's equity immediately before the relevant ownership change) and/or "Qualified Creditors" emerge from the reorganization owning at least 50% of the total

value and voting power of the debtor's stock immediately after the ownership change (the "Section 382(l)(5) Safe Harbor").

16. Under section 382(l)(5)(E) of the IRC and the regulations promulgated thereunder, a creditor whose claim is exchanged for stock of a debtor corporation under a Plan or pursuant to a qualifying asset sale is a "Qualified Creditor" for section 382 purposes if such claim either (a) has been owned by such creditor for 18 or more months prior to the date of filing of the bankruptcy petition or (b) arose in the ordinary course of the debtor's business and was at all times beneficially owned by such creditor. Creditors may also be "qualified," despite not satisfying the continuous ownership requirements under either (a) or (b) of the preceding sentence, if they meet the criteria set forth in the De Minimis Rule described below.

17. For purposes of the Section 382(l)(5) Safe Harbor, under Treasury Regulation § 1.382-9(d)(3) (the "De Minimis Rule"), a debtor generally may "treat indebtedness as always having been owned by the beneficial owner of the indebtedness immediately before the ownership change if the beneficial owner is not, immediately after the ownership change, either a 5% shareholder or an entity through which a 5% shareholder owns an indirect ownership interest" in the debtor. Such a claimholder will generally be a Qualified Creditor under the Section 382(l)(5) Safe Harbor unless the particular claim(s) that it holds both (a) did not arise in the ordinary course of the issuing debtor's business and (b) was not in existence 18 months prior to the filing of the bankruptcy petition.

18. Alternatively, where an ownership change results from the consummation of a Plan or qualifying asset sale but the requirements for the Section 382(l)(5) Safe Harbor are *not* met, section 382(b) of the IRC would limit the amount of taxable income that the debtor could offset with NOLs.

19. Under the scenario where the requirements for the Section 382(l)(5) Safe Harbor are not met (or the debtor elects out of that provision), the annual section 382 limitation is calculated using the special rule of section 382(l)(6) of the IRC. That rule provides that the value of the debtor, for purposes of calculating the section 382 limitation, generally must reflect any increase in value resulting from any surrender or cancellation of creditors' claims, as well as any new investments, pursuant to the Plan. As a result, assuming the debtor's value increases as a result of its Plan or qualifying asset sale, the amount of taxable income that can be offset will still be limited – although not by as much as if the ownership change occurred outside the context of a confirmed Plan or qualifying asset sale (as described in paragraph 12 above).

20. Therefore, to protect the Debtors' ability to maximize the use of their NOLs, pursuant to a Plan or an approved asset sale, the Debtors may need to seek entry of a Sell-Down Order with respect to Claims allowing them to (a) determine whether the reorganized Debtors will qualify for and benefit from the Section 382(l)(5) Safe Harbor and (b) require certain persons or entities that have acquired Claims during these chapter 11 cases in an amount that would entitle such claimholders to receive more than 4.5% of the equity of the reorganized Debtors (collectively, the "Substantial Claimholders") to sell down their Claims to the extent necessary to allow the reorganized Debtors to qualify for the Section 382(l)(5) Safe Harbor (the "Sell-Down Procedures").⁴ This is in addition to the procedures governing transfers of Equity Securities.

The Proposed Equity Transfer Procedures

21. By establishing procedures for monitoring the transfer of Equity Securities, the Debtors can preserve their ability to seek the necessary relief at the appropriate time, if it

⁴ A summary of the potential Sell-Down Procedures is provided in paragraphs 26 through 32 below.

appears that transfers of Equity Securities may jeopardize the Debtors' use of their NOLs.

Therefore, the Debtors propose the following notice and objection procedures for holding and transferring Equity Securities (the "Equity Transfer Procedures"):

- a. Certain Defined Terms. For purposes of this Motion, the Interim Order and the Final Order sought hereunder: (i) a "Substantial Equityholder" is any person or entity that Beneficially Owns (as defined below) at least 833,852 shares (representing approximately 4.5% of the 18,530,028 issued and outstanding shares of common stock)⁵ of PEC; (ii) "Beneficial Ownership" of Equity Securities shall be determined in accordance with applicable rules under section 382 of the IRC and the regulations promulgated thereunder and shall include (a) direct and indirect ownership (e.g., a holding company would be considered to Beneficially Own all shares owned or acquired by its subsidiaries), (b) ownership by such holder's family members and persons or entities acting in concert with such holder to make a coordinated acquisition of stock and (c) ownership of Options (as defined below) to acquire stock; (iii) an "Option" to acquire stock includes any contingent purchase, warrant, convertible debt, exchangeable shares, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable; and (iv) a "Transfer" means any transfer of Equity Securities to the extent described in paragraph 21(c) below and/or paragraph 21(d) below.
- b. Notice of Substantial Equityholder Status. Any person or entity who currently is or becomes a Substantial Equityholder shall (i) file with the Court and (ii) serve upon: (a) the Debtors, c/o Peabody Energy Corporation, 701 Market Street, St. Louis, MO 63101 (Attn: Scott T. Jarboe, Esq., Vice President and Deputy General Counsel Corporate and Capital Markets); (b) Jones Day, North Point, 901 Lakeside Avenue, Cleveland, OH 44114 (Attn: Heather Lennox, Esq.); (c) Jones Day, 51 Louisiana Avenue, N.W., Washington, D.C. 20001 (Attn: Amy Edgy, Esq. and Daniel T. Moss, Esq.); and (d) Armstrong Teasdale LLP, 7700 Forsyth Boulevard, Suite 1800, St. Louis, MO 63105 (Attn: Steven N. Cousins, Esq. and Susan K. Ehlers), a notice of such status (a "Notice of Substantial Equityholder Status"), in the form attached as Annex 1 to the Equity Transfer Procedures Notice (as defined below), on or before the later of (i) 14 days after entry of the Interim Order or (ii) 14 days after becoming a Substantial Equityholder.

⁵ To allow for a prudent margin of error and in a good faith effort to avoid underestimating the threshold, the Debtors have calculated the threshold using 4.5% instead of 5%.

- c. Stock Acquisition Notice. At least 28 days prior to any transfer of Equity Securities (including any transfer of Options to acquire stock or any exercise thereof) that would result in an increase in the amount of Equity Securities Beneficially Owned by a Substantial Equityholder or would result in a person or entity becoming a Substantial Equityholder, such Substantial Equityholder or potential Substantial Equityholder shall (i) file with the Court and (ii) serve on the Debtors and counsel to the Debtors (at the addresses set forth in paragraph 21(b) above) advance written notice of the intended transfer of Equity Securities (a "Stock Acquisition Notice"), in the form attached as Annex 2 to the Equity Transfer Procedures Notice.
- d. Stock Disposition Notice. At least 28 days prior to any transfer of Equity Securities (including Options to acquire stock) that would result in a decrease in the amount of Equity Securities Beneficially Owned by a Substantial Equityholder or would result in a person or entity ceasing to be a Substantial Equityholder, such Substantial Equityholder shall (i) file with the Court and (ii) serve on the Debtors and counsel to the Debtors (at the addresses set forth in paragraph 21(b) above) advance written notice of the intended transfer of Equity Securities (a "Stock Disposition Notice"), in the form attached as Annex 3 to the Equity Transfer Procedures Notice.
- e. Objection Procedures. The Debtors shall have 21 days after receipt of a Stock Acquisition Notice or a Stock Disposition Notice (each, a "Transfer Notice") to file with the Court and serve on the party filing the Transfer Notice an objection to the proposed Transfer on the grounds that such Transfer may adversely affect the Debtors' ability to utilize their NOLs. If the Debtors file an objection, the proposed Transfer will not be effective unless and until approved by a final and nonappealable order of this Court. If the Debtors do not object within such 21-day period, the Transfer may proceed solely as set forth in the Transfer Notice. Further Transfers within the scope of this paragraph must comply with the Equity Transfer Procedures set forth in this paragraph 21(e).
- f. Unauthorized Transfers of Equity Securities. Effective as of the Petition Date and until further order of this Court to the contrary, any acquisition or disposition of Equity Securities (including Options to acquire stock) in violation of the Equity Transfer Procedures shall be null and void ab initio as an act in violation of the automatic stay under section 362 of the Bankruptcy Code.

- g. Special Rules. A person acquiring or disposing of Equity Securities in the capacity of agent of another person shall not be treated as a Substantial Equityholder solely to the extent that person is acting in the capacity of an agent, and shall not have an affirmative duty to inquire whether the account, customer, investment fund, principal, trust or beneficiary is subject to any restrictions or requirements under the Interim Order or the Final Order; provided, however, that the account, customer, fund, principal, trust or beneficiary shall not be excluded from the Interim Order or the Final Order by reason of this subsection. For the avoidance of doubt, any agent that is a Nominee (as defined below) shall be subject to the requirements and obligations set forth in paragraph 24 below.

22. With respect to the Equity Transfer Procedures, the Debtors may waive, in writing, in their sole and absolute discretion, any and all restrictions, stays and notification procedures contained in this Motion or in any order entered with respect hereto.

23. Following entry of the Interim Order, the Debtors propose to provide a notice in substantially the form attached as Exhibit A hereto (the "Equity Transfer Procedures Notice") to (a) the Office of the United States Trustee for the Eastern District of Missouri (the "United States Trustee"), (b) the Securities and Exchange Commission, (c) the Internal Revenue Service and (d) any registered holders of the outstanding Equity Securities (including Options to acquire stock such as PEC's debt obligations that are convertible into its common stock), describing the authorized transfer restrictions and notification requirements with respect to Equity Securities and notifying parties of the Record Date (which shall be the date the Interim Order is entered). The Debtors will publish notice of the entry of the Interim Order, substantially in the form attached hereto as Exhibit C, in the national edition of the Wall Street Journal and the St. Louis Post-Dispatch.

24. Upon receipt of such Equity Transfer Procedures Notice, any broker, bank, dealer or other agent or nominee of a beneficial holder (each a "Nominee") of Equity Securities (including Options to acquire stock) will be required, within five days of receipt of such notice and on at least a quarterly basis thereafter, to send the Equity Transfer Procedures Notice to all

beneficial holders of Equity Securities on whose behalf such Nominee holds Equity Securities. To the extent such beneficial holder is also a Nominee, such Nominee must, in turn, promptly provide the Equity Transfer Procedures Notice to any holder for whose account such holder holds Equity Securities, and so on down the chain of ownership. Additionally, any person, entity, broker or agent acting on behalf of any holder who sells at least 833,852 shares (representing approximately 4.5% of the 18,530,028 issued and outstanding shares of common stock) of PEC to another person or entity must provide a copy of the Equity Transfer Procedures Notice to such purchaser or any broker or agent acting on such purchaser's behalf.

25. The Equity Transfer Procedures Notice will provide the date and time (the "Objection Deadline") by which parties must file an objection to the Motion ("Objection"). If an Objection is timely filed and served, a final hearing will be held at the date and time set forth in the Interim Order (the "Final Hearing"). If a Final Hearing is necessary, the Debtors shall submit the Final Order to the Court substantially in the form submitted to the Court in connection with this Motion.

Record Date Notice and Summary of Potential Sell-Down Procedures

26. At this stage, it is too early to determine whether it will be necessary for the Debtors to obtain a Sell-Down Order. The Debtors' determination of whether to seek entry of a Sell-Down Order will most likely occur once they have formulated a plan of reorganization and have determined whether they may qualify for and benefit from the Section 382(l)(5) Safe Harbor such that it is necessary to require Substantial Claimholders to comply with the Sell-Down Procedures summarized below. Accordingly, this Motion does not seek entry of a Sell-Down Order, but seeks to establish the Record Date through entry of the Interim and Final Orders. The Debtors propose to set the Record Date as the date of entry of the Interim Order.

27. Following entry of the Interim Order, the Debtors propose to provide a notice of the Record Date in substantially the form attached as Exhibit B hereto (the "Record Date Notice") to: (a) Davis Polk & Wardwell LLP, as counsel to Citibank, N.A. as Administrative Agent for the First Lien Secured Credit Facility and the Debtors' proposed debtor in possession secured credit facility; (b) Brown Rudnick LLP, as counsel to Wilmington Savings Fund Society, FSB as prospective trustee and collateral agent for the Secured Second Lien Notes; (c) Foley & Lardner LLP, as counsel to Wilmington Trust Company as prospective Indenture Trustee for the Unsecured Notes;⁶ (d) Robinson & Cole LLP, as counsel to U.S. Bank as resigning trustee and collateral agent for the Second Lien Notes, the Unsecured Notes and the Convertible Notes;⁷ (e) counsel to any ad hoc committees; (f) the Debtors' 50 largest unsecured creditors; (g) Mayer Brown LLP, as counsel to PNC Bank, N.A., as Administrator under the Debtors' prepetition accounts receivable securitization facility; (h) the United States Trustee; (i) the Internal Revenue Service; (j) the Securities and Exchange Commission; and (k) any registered holders of the Debtors' secured and unsecured notes. Additionally, the Debtors propose to serve the Record Date Notice with the Commencement Notice (as such term is defined in any order granting the Creditor Matrix Motion⁸) on any entities that (a) are listed on

⁶ These include the: (i) 6.00% Senior Notes due November 2018; (ii) 6.50% Senior Notes due September 2020; (iii) 6.25% Senior Notes due September 2021; (iv) 7.875% Senior Notes due November 2026.

⁷ These include the: (i) 6.00% Senior Notes due November 2018; (ii) 6.50% Senior Notes due September 2020; (iii) 6.25% Senior Notes due September 2021; (iv) 7.875% Senior Notes due November 2026; and the (v) Convertible Junior Subordinated Debentures due December 2066.

⁸ See Motion of the Debtors and Debtors in Possession, Pursuant to Sections 105(a), 107(c), 342 and 521 of the Bankruptcy Code, Bankruptcy Rules 1007(a), 2002(a), 2002(f) and 9037 and Local Bankruptcy Rules 1002(C), 1007-7, 1009, 2002-1 and 2002-2, For an Order (I) Authorizing the Debtors and Debtors in Possession to File a Reformatted and Redacted Creditor Mailing Matrix; (II) Deeming that Certain Procedures Satisfy the Requirements of Local Bankruptcy Rules 1007-7 and 1009; (III) Approving the Form and Manner of Notice of the Commencement of the Debtors' Chapter 11 Cases; and (IV) Authorizing the Filing of a Consolidated List of Top 50 Unsecured Creditors (the "Creditor Matrix Motion"), filed substantially contemporaneously herewith.

the Creditor Matrix (as such term is defined in the Creditor Matrix Motion) at the time of service of the Commencement Notice and (b) are not listed as parties to receive the Record Date Notice under the first sentence of this paragraph 27. Finally, as noted above, the Debtors will publish notice of the entry of the Interim Order, substantially in the form attached hereto as Exhibit C, in the national edition of the Wall Street Journal and the St. Louis Post-Dispatch.

28. Upon receipt of such Record Date Notice, any Nominee of Claims will be required, within five days of receipt of such notice and on at least a quarterly basis thereafter, to send the Record Date Notice to all beneficial holders of Claims on whose behalf such Nominee holds Claims. To the extent such beneficial holder is also a Nominee, such Nominee must, in turn, promptly provide the Record Date Notice to any holder for whose account such holder holds Claims, and so on down the chain of ownership.

29. Like the Equity Transfer Procedures Notice, the Record Date Notice will also provide the Objection Deadline for parties to file an Objection to the Motion. If an Objection is timely filed and served, a Final Hearing will be held, and the Debtors shall submit the Final Order to the Court substantially in the form submitted to the Court in connection with this Motion.

30. In the event the Debtors seek entry of a Sell-Down Order, the Debtors anticipate that the Sell-Down Procedures would require a person or entity that has acquired an amount of Claims after the Record Date entitling that claimholder to receive more than 4.5% of the equity of the reorganized Debtors (the "Threshold Amount") to provide the Debtors with limited information such as the size of its Claim and the date(s) such Claim was acquired. The amount of Claims held by a claimholder as of the Record Date would constitute the "Protected Amount." Substantial Claimholders would never be required to sell down their

Claims below the Threshold Amount or the Protected Amount, whichever is greater. In other words, the Sell-Down Order would apply only to persons or entities that acquire Claims in excess of the Threshold Amount after the Record Date and with full notice of the possibility that the Claims they acquire could be subject to sell-down if the Debtors later determine that the Sell-Down Procedures are necessary.

31. If the Sell-Down Procedures prove to be necessary, the Debtors would seek to require Substantial Claimholders to provide updated holdings information shortly after the date on which the Court approves a disclosure statement for a plan of reorganization or approves a qualifying asset sale that proposes to utilize the Section 382(l)(5) Safe Harbor. Based on the updated holdings information, the Debtors would then determine whether it would be necessary to require Substantial Claimholders to sell down a portion of their holdings so that the Debtors may qualify for the Section 382(l)(5) Safe Harbor and to preserve the value of the Debtors' NOLs.

32. In the event that the Debtors seek entry of a Sell-Down Order, the Debtors would provide adequate notice and opportunity for claimholders to sell down their Claims without triggering an unreasonably adverse impact on the value of such Claims. Specifically, if a claimholder were required to sell down its holdings, the claimholder would have until shortly before the Debtors consummate a plan of reorganization or a qualifying asset sale to effectuate the necessary sell-down. Moreover, establishment of the Record Date at this early stage of these chapter 11 cases will provide claimholders with sufficient notice in advance of any trading opportunity that any Claims purchased after the Record Date may ultimately be subject to the Sell-Down Procedures as set forth in a Sell-Down Order.

Basis for Relief

The NOLs Are Property of the Debtors' Estates and Are Entitled to Protection

33. The Debtors seek the entry of interim and final orders, pursuant to section 105(a) of the Bankruptcy Code,⁹ preserving the potential value of the Debtors' NOLs, which are property of the Debtors' estates and protected by the automatic stay.

34. Courts have uniformly held that a debtor's NOLs constitute property of the estate under section 541 of the Bankruptcy Code and, therefore, that courts have the authority to impose measures intended to protect and preserve such NOLs. The seminal case articulating this rule is Official Comm. of Unsecured Creditors v. PSS S.S. Co. (In re Prudential Lines, Inc.), 107 B.R. 832 (Bankr. S.D.N.Y. 1989), aff'd, 119 B.R. 430 (S.D.N.Y. 1990), aff'd, 928 F.2d 565 (2d Cir. 1991).

35. In Prudential Lines, the court enjoined a parent corporation from taking a worthless stock deduction with respect to its wholly owned subsidiary, which was in bankruptcy, on the grounds that allowing the parent to take such a deduction would destroy its debtor subsidiary's NOLs. In issuing the injunction, the court held that the debtor subsidiary's potential ability to utilize NOLs was property of its estate. In re Prudential Lines, 107 B.R. at 838. Further, the court held that, because of the effect that it would have on the debtor subsidiary's ability to use its NOLs, the taking of a worthless stock deduction by the parent was an exercise of control over the debtor subsidiary's NOLs and thus over property of the debtor subsidiary's estate. Id. at 842. Therefore, such action was properly subject to the automatic stay under section 362 of the Bankruptcy Code. Id. See also Gibson v. United States (In re Russell), 927

⁹ Section 105(a) of the Bankruptcy Code provides in relevant part that "[t]he Court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a).

F.2d 413, 417 (8th Cir. 1991) (recognizing that NOL carryforwards are property of the estate); Hanrahan v. Waltermann (In re Waltermann Implement Inc.), 05-07284, 2006 Bankr. LEXIS 921, at *11-12 (Bankr. N.D. Iowa May 22, 2006) (holding that "Debtor's subchapter S status is property of the estate" and that revoking the subchapter S election was a violation of the automatic stay); Nisselson v. Drew Indus., Inc. (In re White Metal Rolling & Stamping Corp.), 222 B.R. 417, 424 (Bankr. S.D.N.Y. 1998) ("It is beyond peradventure that NOL carrybacks and carryovers are property of the estate of the loss corporation that generated them."); In re Se. Banking Corp., No. 91-14561, 1994 Bankr. LEXIS 2389, at *5 (Bankr. S.D. Fla. Jul. 21, 1994) (debtor's interest in its NOLs "constitutes property of the estate within the scope of 11 U.S.C. § 541(a)(1) and is entitled to the protection of the automatic stay imposed pursuant to 11 U.S.C. § 362(a)(3)"); In re Cumberland Farms, Inc., 162 B.R. 62, 67 (Bankr. D. Mass. 1993) (finding that the Second Circuit's Prudential Lines ruling on NOLs was analogous and persuasive in holding that pass-through losses were property of the estate and were protected by the automatic stay); In re Phar-Mor, Inc., 152 B.R. 924, 927 (Bankr. N.D. Ohio 1993) (carryforward NOLs held to be property of the estate and protected by both the automatic stay and an injunction against the sale of stock causing a reduction of the NOLs).

36. Because the Debtors' NOLs are property of their estates, this Court has the authority under section 362 of the Bankruptcy Code to enforce the automatic stay by restricting any Transfer of Equity Securities that could adversely impact the Debtors' ability to use this valuable asset. Courts ordering such relief generally have done so by imposing notice and objection requirements regarding any proposed transfer of shares of a person whose holdings of such shares exceed (or would exceed as a result of the proposed transfer), a certain threshold amount. See, e.g., In re Noranda Aluminum, No. 16-10083 (Bankr. E.D. Mo. Mar. 15, 2016)

(Docket No. 416) ("Noranda Order"); In re Arch Coal, Inc., No. 16-40120 (Bankr. E.D. Mo. Jan. 14, 2016) (Docket No. 92) ("Arch Coal Order"); accord In re Patriot Coal Corp., No. 15-32450 (Bankr. E.D. Va. June 4, 2015) (Docket No. 244) ("Patriot Coal Order"); In re James River Coal Co., No. 14-31848 (Bankr. E.D. Va. May 9, 2014) (Docket No. 244) ("James River Coal Order"); In re AMF Bowling Worldwide, Inc., No. 12-36495 (Bankr. E.D. Va. Nov. 14, 2012) (Docket No. 71) ("AMF Bowling Order"); In re Circuit City Stores, Inc., No. 08-35653 (Bankr. E.D. Va. Nov. 13, 2008) ("Circuit City Interim Order") (Docket No. 135); In re US Airways, Inc., No. 04-13819 (Bankr. E.D. Va. Apr. 1, 2005) (Docket No. 2034) ("US Airways Order"); In re Molycorp, Inc., No. 15-11357 (Bankr. D. Del. July 17, 2015) (Docket No. 226) ("Molycorp Order"); In re RadioShack Corp., No. 15-10197 (Bankr. D. Del. Feb. 9, 2015) (Docket No. 160) ("RadioShack Interim Order"); In re Overseas Shipholding Grp., Inc., No. 12-20000 (Bankr. D. Del. Dec. 7, 2012) (Docket No. 149) ("Overseas Shipholding Order"); In re VeraSun Energy Corp., No. 08-12606 (Bankr. D. Del. Dec. 3, 2008) (Docket No. 279) ("VeraSun Order"); In re NII Holdings, Inc., No. 14-12611 (Bankr. S.D.N.Y. Oct. 22, 2014) (Docket No. 138) ("NII Holdings Order"); In re Legend Parent, Inc., No. 14-10701 (Bankr. S.D.N.Y. May 9, 2014) (Docket No. 194) ("Legend Parent Order"); In re Hawker Beechcraft, Inc., No. 12-11873 (Bankr. S.D.N.Y. June 27, 2012) (Docket No. 292) ("Hawker Beechcraft Order"); In re Eastman Kodak Co., No. 12-10202 (Bankr. S.D.N.Y. Feb. 15, 2012) (Docket No. 369) ("Eastman Kodak Order"); In re AMR Corp., No. 11-15463 (Bankr. S.D.N.Y. Jan. 27, 2012) (Docket No. 890) ("AMR Order"); In re Hostess Brands, Inc., No. 12-22052 (Bankr. S.D.N.Y. Jan. 27, 2012) (Docket No. 213) ("Hostess Brands Order").¹⁰

¹⁰ Unreported orders cited herein are not attached to this Motion. Copies of these orders will be made available to the Court or other parties upon request made to the Debtors' counsel.

37. Courts in this District and elsewhere have granted relief similar to that requested herein with respect to equity security transfers in other chapter 11 cases. See, e.g., Noranda Order; Arch Coal Order; accord In re Alpha Natural Res., Inc., No. 15-33896 (Bankr. E.D. Va. Aug. 5, 2015 and Sept. 17, 2015) (Docket Nos. 97 and 475) ("Alpha Orders"); In re Am. Apparel, Inc., No. 15-12055 (Bankr. D. Del. Oct. 30, 2015) (Docket No. 226) ("American Apparel Order"); Patriot Coal Order; James River Coal Order; AMF Bowling Order; US Airways Order; Molycorp Order; RadioShack Interim Order; Overseas Shipholding Order; In re Nortel Networks Inc., No. 09-10138 (Bankr. D. Del. Feb. 5, 2009) (Docket No. 235) ("Nortel Order"); VeraSun Order; NII Holdings Order; Legend Parent Order; Hawker Beechcraft Order; AMR Order; Hostess Brands Order.

38. Additionally, bankruptcy courts in other districts have granted relief similar to that requested herein with respect to the establishment of a record date for notice and sell-down procedures for trading in claims. See, e.g., Alpha Orders; American Apparel Order; Circuit City Interim Order; Molycorp Order; RadioShack Interim Order; Overseas Shipping Order; NII Holdings Order; Nortel Order; Eastman Kodak Order; AMR Order; In re Borders Grp., Inc., No. 11-10614 (Bankr. S.D.N.Y. Mar. 16, 2011) (Docket No. 398); In re Dana Corp., No. 06-10354 (Bankr. S.D.N.Y. Aug. 9, 2006) (Docket No. 2772).

The Significance of the Debtors' NOLs

39. The Debtors' NOLs are a valuable asset of their estates, and their availability will facilitate the Debtors' successful reorganization. The Debtors' ability to use their NOLs, however, could be severely limited under sections 382 and 383 of the IRC as a result of Transfers of Equity Securities (including Options to acquire stock) of the Debtors prior to consummation of a Plan or qualifying asset sale.

40. The Equity Transfer Procedures are designed to protect the Debtors from losing the benefit of all or any portion of their NOLs in connection with Transfers of Equity Securities (including Options to acquire stock) that may (a) trigger an ownership change not within the scope of sections 382(l)(5) or 382(l)(6) of the IRC; (b) preclude the Debtors from taking advantage of the more favorable NOL utilization rules under sections 382(l)(5) or 382(l)(6) of the IRC; or (c) severely limit the Debtors' ability to use their NOLs to shelter any taxable income or gain resulting from any sale of assets in the course of these chapter 11 cases.

The Debtors require a mechanism to monitor and possibly object to ownership changes resulting from Transfers of Equity Securities (including Options to acquire stock) and/or loss of eligibility for the Section 382(l)(5) Safe Harbor resulting from trading in Claims in order to be able to craft a Plan that permits the Debtors to use their NOLs to the fullest extent possible to reduce federal income taxes on their post-reorganization income or to shelter any taxable income or gain resulting from any sale of assets, thereby maximizing value for all stakeholders.

41. Moreover, it is in the best interests of the Debtors, their estates and their stakeholders to restrict Transfers of Equity Securities (including Options to acquire stock) that could result in an ownership change and to establish the Record Date with respect to trading in Claims. Transfers of Equity Securities are limited only for parties who are or might become 4.5% shareholders. Because Transfers of Equity Securities by or into the hands of 5% shareholders could trigger an ownership change that would impose a severe limitation on the Debtors' use of their NOLs on an annual basis, such Transfers also pose a threat to the value of their NOLs even if the Debtors later satisfied the requirements of sections 382(l)(5) or 382(l)(6) of the IRC in connection with a second ownership change resulting from a Plan or qualifying asset sale. An ownership change must occur pursuant to consummation of a Plan or qualifying

asset sale in order for the Debtors to qualify for the Section 382(l)(5) Safe Harbor and/or for the favorable valuation rules of section 382(l)(6) of the IRC.

42. Thus, in all circumstances, it is in the best interests of the Debtors, their estates and their creditors to grant the requested relief so as to prevent an unintended ownership change.

Interim Relief Is Necessary to Avoid Irreparable Harm to the Debtors

43. Once an NOL is limited under section 382 or 383 of the IRC, its use is limited forever, and once an equity interest is transferred, it cannot be undone. The relief sought herein is necessary to avoid an irrevocable loss of the Debtors' NOLs and the irreparable harm that could be caused by unfettered Transfers of Equity Securities, which, unmonitored, could jeopardize the Debtors' ability to offset taxable income with their NOLs, thereby risking the Debtors' ability to increase liquidity.

44. Unless the Record Date is established immediately, it is unlikely that the Debtors would be able to implement the Sell-Down Procedures in any effective fashion to enable them to maximize the value of their NOLs. Whether or not the Debtors seek, and the Court ultimately enters, a Sell-Down Order, setting the Record Date now is essential to adequately protect the Debtors' option to choose to preserve the value of their NOLs without affecting any parties in interest.

45. Accordingly, the Debtors submit that, absent the interim relief granted in the Interim Order, the Debtors and their estates could suffer immediate and irreparable harm. If the Court does not grant the relief sought in this Motion on an interim basis, holders of Equity Securities could transfer such securities before the protective restrictions herein are implemented by the Court, and the Record Date would not be established for purposes of trading in Claims,

risking the Debtors' ability to use their NOLs to maximize value and benefit their estates.

Therefore, the Debtors request that the procedures described herein be approved immediately on an interim basis.

The Equity Transfer Procedures and Record Date Notice Are Narrowly Tailored

46. The establishment of the Equity Transfer Procedures will not bar all Transfers of Equity Securities, only those types of Transfers that pose a serious risk to the Debtors' NOLs under the section 382 ownership change test. Further, the procedures will be in effect only during the pendency of these chapter 11 cases. As such, the requested relief is narrowly tailored to allow the Debtors to preserve their ability to seek substantive relief if it appears that a proposed Transfer will jeopardize the use of their NOLs. The Equity Transfer Procedures would otherwise permit Transfers of Equity Securities to continue unaffected, subject to applicable law.¹¹

47. As discussed above, the Equity Transfer Procedures are necessary to preserve the value of the Debtors' NOLs. But those procedures may not be sufficient if, pursuant to a confirmed Plan or a qualifying asset sale, (a) creditors receive sufficient equity to trigger an "ownership change" under section 382 of the IRC and (b) the Debtors are unable to utilize the Section 382(l)(5) Safe Harbor. To avoid that scenario, the Debtors may need to seek the entry of a Sell-Down Order. In the meantime, the Debtors need to be able to set and provide notice of the Record Date to give all creditors who may be subject to Sell-Down Procedures advance notice and ensure that the value of the Debtors' NOLs will be preserved.

¹¹ Nothing herein is intended to excuse compliance with the Rule 3001(e) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") regarding the transfer of claims or any other applicable law.

48. Approval of the proposed Record Date does not constitute approval of the Sell-Down Procedures and does not restrict trading in Claims. Importantly, the Interim Order will not impose a burden on any person or entity because it is designed to provide notice to claimholders and claims traders (a) of the Record Date; (b) that the Threshold Amounts will be measured as of the Record Date; and (c) that their Claims may ultimately be subject to sell-down if the Debtors determine that a Sell-Down Order is necessary to preserve the value of their NOLs. If the Debtors do later determine that a Sell-Down Order is necessary, the Debtors will file a separate motion requesting the entry of a Sell-Down Order applicable to certain Claims traded on or after the Record Date.

Request for Immediate Relief and Waiver of Stay

49. Pursuant to Bankruptcy Rules 6003(b) and 6004(h) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Debtors seek entry of orders granting the relief requested by this Motion on an interim and final basis and, to the extent it applies, a waiver of any stay of the effectiveness of such orders.

50. Bankruptcy Rule 6003(b) provides, in relevant part, that "[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, issue an order granting ... a motion to use, sell, lease or otherwise incur an obligation regarding property of the estate including a motion to pay all or part of a claim that arose before the filing of the petition." Fed. R. Bankr. P. 6003(b). In other words, where the failure to grant any such requested relief would result in immediate and irreparable harm to the Debtors' estates, the Court may authorize the relief prior to the twenty second day following the Petition Date. Bankruptcy Rule 6004(h) provides that "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the

expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h).

51. As set forth above and in the First Day Declaration, it is vital that court grant the relief requested herein and the Debtors submit that ample cause exists to justify: (a) the immediate entry of an Interim Order granting the interim relief sought herein pursuant to Bankruptcy Rule 6003(b), to the extent that it applies; and (b) a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies, with respect to the order.

Notice

52. Notice of this Motion has been given to: (a) Davis Polk & Wardwell LLP, as counsel to Citibank, N.A. as Administrative Agent for the First Lien Secured Credit Facility and the Debtors' proposed debtor in possession secured credit facility; (b) Brown Rudnick LLP, as counsel to Wilmington Savings Fund Society, FSB as prospective trustee and collateral agent for the Secured Second Lien Notes; (c) Foley & Lardner LLP, as counsel to Wilmington Trust Company as prospective Indenture Trustee for the Unsecured Notes;¹² (d) Robinson & Cole LLP, as counsel to U.S. Bank as resigning trustee and collateral agent for the Second Lien Notes, the Unsecured Notes and the Convertible Notes;¹³ (f) the Debtors' 50 largest unsecured creditors; (g) Mayer Brown LLP, as counsel to PNC Bank, N.A., as Administrator under the Debtors' prepetition accounts receivable securitization facility; (h) the United Mine Workers of America; (i) the Internal Revenue Service; (j) the Internal Revenue Service; (k) the Securities and Exchange Commission; (l) the United States Department of the Interior; (m) the United States

¹² These include the: (i) 6.00% Senior Notes due November 2018; (ii) 6.50% Senior Notes due September 2020; (iii) 6.25% Senior Notes due September 2021; and the (iv) 7.875% Senior Notes due November 2026.

¹³ These include the: (i) 6.00% Senior Notes due November 2018; (ii) 6.50% Senior Notes due September 2020; (iii) 6.25% Senior Notes due September 2021; (iv) 7.875% Senior Notes due November 2026; and the (v) Convertible Junior Subordinated Debentures due December 2066.

Department of Labor; (n) the United States Attorney's Office for the Eastern District of Missouri; and (o) Pension Benefit Guaranty Corporation (collectively, the "Notice Parties"). In light of the nature of the relief requested, the Debtors submit that no further notice is necessary.

No Prior Request

53. No prior request for the relief sought in this Motion has been made to this or any other Court in connection with these chapter 11 cases.

WHEREFORE, the Debtors respectfully request that the Court: (i) enter an interim order, substantially in the form Interim Order submitted to the Court, granting the relief requested herein on an interim basis; (ii) to the extent necessary, enter a final order, substantially in the form Final Order submitted to the Court, granting the relief requested herein; and (iii) grant such other and further relief to the Debtors as the Court may deem just and proper.

Dated: April 13, 2016
St. Louis, Missouri

Respectfully submitted,

/s/ Steven N. Cousins
Steven N. Cousins, MO 30788
Susan K. Ehlers, MO 49855
Armstrong Teasdale LLP
7700 Forsyth Boulevard, Suite 1800
St. Louis, MO 63105
Telephone: (314) 621-5070
Facsimile: (314) 621-2239
Email: scousins@armstrongteasdale.com
Email: sehlers@armstrongteasdale.com

Heather Lennox (*pro hac vice* pending)
Jones Day
North Point
901 Lakeside Avenue
Cleveland, OH 44114
Telephone: (216) 586-3939
Facsimile: (216) 579-0212
Email: hlennox@jonesday.com

Amy Edgy (*pro hac vice* pending)
Daniel T. Moss (*pro hac vice* pending)
Jones Day
51 Louisiana Avenue, N.W.
Washington, D.C. 20001-2113
Telephone: (202) 879-3939
Facsimile: (202) 626-1700
Email: aedgy@jonesday.com
Email: dtmoss@jonesday.com

*Proposed Attorneys for Debtors
and Debtors in Possession*

SCHEDULE 1

	Debtor's Name	Debtor's EIN Number
1.	Peabody Energy Corporation	13-4004153
2.	American Land Development, LLC	20-3405570
3.	American Land Holdings of Colorado, LLC	26-3730572
4.	American Land Holdings of Illinois, LLC	30-0440127
5.	American Land Holdings of Indiana, LLC	20-2514299
6.	American Land Holdings of Kentucky, LLC	20-0766113
7.	American Land Holdings of New Mexico, LLC	32-0478983
8.	American Land Holdings of West Virginia, LLC	20-5744666
9.	Arid Operations, Inc.	84-1199578
10.	Big Ridge, Inc.	37-1126950
11.	Big Sky Coal Company	81-0476071
12.	Black Hills Mining Company, LLC	32-0049741
13.	BTU Western Resources, Inc.	20-1019486
14.	Caballo Grande, LLC	27-1773243
15.	Caseyville Dock Company, LLC	20-8080107
16.	Central States Coal Reserves of Illinois, LLC	43-1869432
17.	Central States Coal Reserves of Indiana, LLC	20-3960696
18.	Century Mineral Resources, Inc.	36-3925555
19.	Coal Reserve Holding Limited Liability Company No. 1	43-1922737
20.	COALSALES II, LLC	43-1610419
21.	Colorado Yampa Coal Company, LLC	95-3761211
22.	Conservancy Resources, LLC	20-5744701
23.	Cottonwood Land Company	43-1721982
24.	Cyprus Creek Land Company	73-1625890
25.	Cyprus Creek Land Resources LLC	75-3058264
26.	Dyson Creek Coal Company, LLC	43-1898526
27.	Dyson Creek Mining Company, LLC	20-8080062
28.	El Segundo Coal Company, LLC	20-8162824
29.	Empire Land Holdings, LLC	61-1742786
30.	Falcon Coal Company, LLC	35-2006760
31.	Four Star Holdings, LLC	30-0885825
32.	Francisco Equipment Company, LLC	37-1805119
33.	Francisco Land Holdings Company, LLC	36-4831111
34.	Francisco Mining, LLC	30-0922117
35.	Gallo Finance Company, LLC	43-1823616
36.	Gold Fields Chile, LLC	13-3004607
37.	Gold Fields Mining, LLC	36-2079582
38.	Gold Fields Ortiz, LLC	22-2204381
39.	Hayden Gulch Terminal, LLC	86-0719481
40.	Highwall Mining Services Company	20-0010659
41.	Hillside Recreational Lands, LLC	32-0214135
42.	HMC Mining, LLC	43-1875853
43.	Illinois Land Holdings, LLC	26-1865197
44.	Independence Material Handling, LLC	43-1750064
45.	James River Coal Terminal, LLC	55-0643770
46.	Juniper Coal Company, LLC	43-1744675
47.	Kayenta Mobile Home Park, Inc.	86-0773596
48.	Kentucky Syngas, LLC	26-1156957
49.	Kentucky United Coal, LLC	35-2088769
50.	Lively Grove Energy, LLC	20-5752800
51.	Lively Grove Energy Partners, LLC	26-0180403
52.	Marigold Electricity, LLC	26-0180352
53.	Midco Supply and Equipment Corporation	43-6042249
54.	Midwest Coal Acquisition Corp.	20-0217640
55.	Midwest Coal Reserves of Illinois, LLC	20-3960648

	Debtor's Name	Debtor's EIN Number
56.	Midwest Coal Reserves of Indiana, LLC	20-3405958
57.	Midwest Coal Reserves of Kentucky, LLC	20-3405872
58.	Moffat County Mining, LLC	74-1869420
59.	Mustang Energy Company, LLC	43-1898532
60.	New Mexico Coal Resources, LLC	20-3405643
61.	NM Equipment Company, LLC	36-4821991
62.	Pacific Export Resources, LLC	27-5135144
63.	Peabody America, LLC	93-1116066
64.	Peabody Archveyor, L.L.C.	43-1898535
65.	Peabody Arclar Mining, LLC	31-1566354
66.	Peabody Asset Holdings, LLC	20-3367333
67.	Peabody Bear Run Mining, LLC	26-3582291
68.	Peabody Bear Run Services, LLC	26-3725923
69.	Peabody Caballo Mining, LLC	83-0309633
70.	Peabody Cardinal Gasification, LLC	20-5047955
71.	Peabody China, LLC	43-1898525
72.	Peabody Coalsales, LLC	20-1759740
73.	Peabody COALTRADE International (CTI), LLC	20-1435716
74.	Peabody COALTRADE, LLC	43-1666743
75.	Peabody Colorado Operations, LLC	20-2561644
76.	Peabody Colorado Services, LLC	26-3723774
77.	Peabody Coulterville Mining, LLC	20-0217834
78.	Peabody Development Company, LLC	43-1265557
79.	Peabody Electricity, LLC	20-3405744
80.	Peabody Employment Services, LLC	26-3730348
81.	Peabody Energy Generation Holding Company	73-1625891
82.	Peabody Energy Investments, Inc.	68-0541702
83.	Peabody Energy Solutions, Inc.	43-1753832
84.	Peabody Gateway North Mining, LLC	27-2294407
85.	Peabody Gateway Services, LLC	26-3724075
86.	Peabody Holding Company, LLC	74-2666822
87.	Peabody Holdings (Gibraltar) Limited	20-5543587
88.	Peabody IC Funding Corporation	46-2326991
89.	Peabody IC Holdings, LLC	30-0829603
90.	Peabody Illinois Services, LLC	26-3722638
91.	Peabody Indiana Services, LLC	26-3724339
92.	Peabody International Investments, Inc.	26-1361182
93.	Peabody International Services, Inc.	20-8340434
94.	Peabody Investments Corp.	20-0480084
95.	Peabody Magnolia Grove Holdings, LLC	61-1683376
96.	Peabody Midwest Management Services, LLC	26-3726045
97.	Peabody Midwest Mining, LLC	35-1799736
98.	Peabody Midwest Operations, LLC	20-3405619
99.	Peabody Midwest Services, LLC	26-3722194
100.	Peabody Mongolia, LLC	20-8714315
101.	Peabody Natural Gas, LLC	43-1890836
102.	Peabody Natural Resources Company	51-0332232
103.	Peabody New Mexico Services, LLC	20-8162939
104.	Peabody Operations Holding, LLC	26-3723890
105.	Peabody Powder River Mining, LLC	43-0996010
106.	Peabody Powder River Operations, LLC	20-3405797
107.	Peabody Powder River Services, LLC	26-3725850
108.	Peabody PowerTree Investments, LLC	20-0116980
109.	Peabody Recreational Lands, L.L.C.	43-1898382
110.	Peabody Rocky Mountain Management Services, LLC	26-3725390
111.	Peabody Rocky Mountain Services, LLC	20-8162706
112.	Peabody Sage Creek Mining, LLC	26-3730653
113.	Peabody School Creek Mining, LLC	20-3585831

	Debtor's Name	Debtor's EIN Number
114.	Peabody Services Holdings, LLC	26-3726126
115.	Peabody Southwest, LLC	20-5744732
116.	Peabody Southwestern Coal Company, LLC	43-1898372
117.	Peabody Terminal Holding Company, LLC	26-1087861
118.	Peabody Terminals, LLC	31-1035824
119.	Peabody Trout Creek Reservoir LLC	30-0746873
120.	Peabody Twentymile Mining, LLC	26-3725223
121.	Peabody Venezuela Coal Corp.	43-1609813
122.	Peabody Venture Fund, LLC	20-3405779
123.	Peabody-Waterside Development, L.L.C.	75-3098342
124.	Peabody Western Coal Company	86-0766626
125.	Peabody Wild Boar Mining, LLC	26-3730759
126.	Peabody Wild Boar Services, LLC	26-3725591
127.	Peabody Williams Fork Mining, LLC	20-8162742
128.	Peabody Wyoming Gas, LLC	20-5744610
129.	Peabody Wyoming Services, LLC	26-3723011
130.	PEC Equipment Company, LLC	20-0217950
131.	PG INVESTMENTS SIX, L.L.C.	43-1898530
132.	Point Pleasant Dock Company, LLC	20-0117005
133.	Pond River Land Company	73-1625893
134.	Porcupine Production, LLC	43-1898379
135.	Porcupine Transportation, LLC	43-1898380
136.	Riverview Terminal Company	13-2899722
137.	Sage Creek Holdings, LLC	26-3286872
138.	Sage Creek Land & Reserves, LLC	38-3936826
139.	School Creek Coal Resources, LLC	20-2902073
140.	Seneca Coal Company, LLC	84-1273892
141.	Seneca Property, LLC	36-4820253
142.	Shoshone Coal Corporation	25-1336898
143.	Southwest Coal Holdings, LLC	37-1794829
144.	Star Lake Energy Company, L.L.C.	43-1898533
145.	Sugar Camp Properties, LLC	35-2130006
146.	Thoroughbred Generating Company, L.L.C.	43-1898534
147.	Thoroughbred Mining Company LLC.	73-1625889
148.	Twentymile Coal, LLC	95-3811846
149.	Twentymile Equipment Company, LLC	38-3982017
150.	Twentymile Holdings, LLC	38-3937156
151.	United Minerals Company, LLC	35-1922432
152.	West Roundup Resources, LLC	20-2561489
153.	Wild Boar Equipment Company, LLC	32-0488114
154.	Wild Boar Land Holdings Company, LLC	36-4831131

Exhibit A

Equity Transfer Procedures Notice

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

In re:

Peabody Energy Corporation, et al.,
Debtors.

Case No. 16-42529
CHAPTER 11

(Jointly Administered)

Related to Docket No. ____

**NOTICE OF (A) ENTRY OF AN INTERIM ORDER
ESTABLISHING EQUITY TRANSFER PROCEDURES
AND (B) HEARING TO CONSIDER ENTRY OF
FINAL ORDER ON EQUITY TRANSFER PROCEDURES**

**TO ALL PERSONS OR ENTITIES WITH
EQUITY INTERESTS IN PEABODY ENERGY CORPORATION ("PEC"):**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On ____ __, 2016 (the "Petition Date"), PEC and its debtor affiliates commenced voluntary cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").
2. On ____ __, 2016, the above-captioned debtors (collectively, the "Debtors") filed their Motion of Debtors and Debtors in Possession, Pursuant to Sections 105(a), 362 and 541 of the Bankruptcy Code, for Entry of Interim and Final Orders: (I) Establishing Notice and Objection Procedures for Transfers of Equity Securities; (II) Establishing a Record Date for Notice and Sell-Down Procedures for Trading in Claims Against the Debtors' Estates; and (III) Granting Related Relief (the "Motion").
3. On _____, 2016, the United States Bankruptcy Court for the Eastern District of Missouri (the "Court") entered an interim order (the "Interim Order") approving the procedures set forth below (the "Equity Transfer Procedures") with respect to

transfers of equity securities in PEC (such securities, "Equity Securities") and setting a record date (the "Record Date") with respect to trading in claims against the Debtors, to assist the Debtors in preserving certain tax benefits, including expected net operating losses (collectively, "NOLs"). **Any purchase, sale, trade or other transfer of Equity Securities (including Options (as such term is defined below) to acquire stock) in PEC in violation of the Equity Transfer Procedures set forth below shall be null and void ab initio as an act in violation of the automatic stay under section 362 of the Bankruptcy Code, and shall confer no rights on the transferee.**

4. A final hearing to consider the relief requested in the Motion and the entry of an order (the "Final Order") implementing the Equity Transfer Procedures on a final and permanent basis will be held on _____, 2016 at _____m. Central Time before the Honorable _____ in the United States Bankruptcy Court for the Eastern District of Missouri, Courtroom _____, 111 S. 10th Street, 4th Floor, St. Louis, MO 63102.

5. Any objection to the granting of the relief requested by the Motion on a final basis shall be filed with the Court by _____, 2016 (the "Objection Deadline"), and served, so as to be received by the Objection Deadline, upon: (a) the Office of the United States Trustee for the Eastern District of Missouri, 111 South 10th Street, Suite 6.353, St. Louis, MO 63102 (Attn: Paul Randolph, Esq.); (b) (i) the Debtors, c/o Peabody Energy Corporate Headquarters, Peabody Plaza, 701 Market St., St. Louis, MO 63101-1826 (Attn: Scott T. Jarboe, Esq., Vice President and Deputy General Counsel Corporate and Capital Markets); (ii) Jones Day, North Point, 901 Lakeside Avenue, Cleveland, OH 44114 (Attn: Heather Lennox, Esq.); (iii) Jones Day, 51 Louisiana Avenue, N.W., Washington, D.C. 20001 (Attn: Amy Edgy, Esq. and Daniel T. Moss, Esq.); (iv) Armstrong Teasdale LLP, 7700 Forsyth Boulevard, Suite 1800,

St. Louis, MO, 63105 (Attn: Steven N. Cousins, Esq. and Susan K. Ehlers, Esq.); (c) (i) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (Attn: Damian S. Schaible, Esq. and Angela M. Libby, Esq.) and (ii) Bryan Cave LLP, 211 N. Broadway, Suite 3600, St. Louis, Missouri 63102 (Attn: Laura Uberti Hughes, Esq.), as counsel to Citibank, N.A. as Administrative Agent for the First Lien Secured Credit Facility and the Debtors' proposed debtor in possession secured credit facility; (d) Brown Rudnick LLP, as counsel to Wilmington Savings Fund Society, FSB as prospective trustee and collateral agent for the Secured Second Lien Notes; (e) Foley & Lardner LLP, as counsel to Wilmington Trust Company as prospective Indenture Trustee for the Unsecured Notes;¹ (f) Robinson & Cole LLP, as counsel to U.S. Bank as resigning trustee and collateral agent for the Second Lien Notes, the Unsecured Notes and the Convertible Notes;² (g) counsel to PNC Bank, N.A., as Administrator under the Debtors' prepetition accounts receivable securitization facility; (h) counsel to any ad hoc committees; and (i) any party that has requested notice pursuant to Bankruptcy Rule 2002 as of the time of service.

6. Pursuant to the Interim Order, the following Equity Transfer Procedures shall apply to holding and transferring beneficial interests in Equity Securities in PEC:

- a. Certain Defined Terms. For purposes of the Interim Order and this Notice: (i) a "Substantial Equityholder" is any person or entity that Beneficially Owns (as defined below) at least 833,852 shares (representing approximately 4.5% of the 18,530,028 issued and outstanding shares) of PEC; (ii) "Beneficial Ownership" of Equity Securities shall be determined in accordance with applicable rules under section 382 of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder and shall include (a) direct and indirect ownership (e.g., a

¹ These include the: (i) 6.00% Senior Notes due November 2018; (ii) 6.50% Senior Notes due September 2020; (iii) 6.25% Senior Notes due September 2021; and the (iv) 7.875% Senior Notes due November 2026.

² These include the: (i) 6.00% Senior Notes due November 2018; (ii) 6.50% Senior Notes due September 2020; (iii) 6.25% Senior Notes due September 2021; (iv) 7.875% Senior Notes due November 2026; and the (v) Convertible Junior Subordinated Debentures due December 2066.

holding company would be considered to Beneficially Own all shares owned or acquired by its subsidiaries), (b) ownership by such holder's family members and persons or entities acting in concert with such holder to make a coordinated acquisition of stock and (c) ownership of Options (as defined below) to acquire stock; (iii) an "Option" to acquire stock includes any contingent purchase, warrant, convertible debt, exchangeable shares, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable; and (iv) a "Transfer" means any transfer of Equity Securities to the extent described in paragraph 7(c) below and/or paragraph 7(d) below.

- b. Notice of Substantial Equityholder Status. Any person or entity who currently is or becomes a Substantial Equityholder shall (i) file with the Court and (ii) serve upon: (a) the Debtors, c/o Peabody Energy Corporation, 701 Market Street, St. Louis, MO 63101 (Attn: Scott T. Jarboe, Esq., Vice President and Deputy General Counsel Corporate and Capital Markets); (b) Jones Day, North Point, 901 Lakeside Avenue, Cleveland, OH 44114 (Attn: Heather Lennox, Esq.); (c) Jones Day, 51 Louisiana Avenue, N.W., Washington, D.C. 20001 (Attn: Amy Edgy, Esq and Daniel T. Moss, Esq.); and (d) Armstrong Teasdale LLP, 7700 Forsyth Boulevard, Suite 1800, St. Louis, MO 63105 (Attn: Steven N. Cousins, Esq. and Susan K. Ehlers, Esq.), a notice of such status (a "Notice of Substantial Equityholder Status"), in the form attached hereto as Annex 1, on or before the later of (i) 14 days after entry of the Interim Order or (ii) 14 days after becoming a Substantial Equityholder.
- c. Stock Acquisition Notice. At least 28 days prior to any transfer of Equity Securities (including any transfer of Options to acquire stock or any exercise thereof) that would result in an increase in the amount of Equity Securities Beneficially Owned by a Substantial Equityholder or would result in a person or entity becoming a Substantial Equityholder, such Substantial Equityholder or potential Substantial Equityholder shall (i) file with the Court and (ii) serve on the Debtors and counsel to the Debtors (at the addresses set forth in paragraph 7(b) above) advance written notice of the intended transfer of Equity Securities (a "Stock Acquisition Notice"), in the form attached hereto as Annex 2.
- d. Stock Disposition Notice. At least 28 days prior to any transfer of Equity Securities (including Options to acquire stock) that would result in a decrease in the amount of Equity Securities Beneficially Owned by a Substantial Equityholder or would result in a person or entity ceasing to be a Substantial Equityholder, such Substantial Equityholder shall (i) file with the Court and (ii) serve on the Debtors and counsel to the Debtors (at the addresses set forth in paragraph 7(b) above) advance written notice of the intended transfer of Equity Securities (a "Stock Disposition Notice"), in the form attached hereto as Annex 3.

- e. Objection Procedures. The Debtors shall have 21 days after receipt of a Stock Acquisition Notice or a Stock Disposition Notice (each, a "Transfer Notice") to file with the Court and serve on the party filing the Transfer Notice an objection to the proposed Transfer on the grounds that such Transfer may adversely affect the Debtors' ability to utilize their NOLs. If the Debtors file an objection, the proposed Transfer will not be effective unless and until approved by a final and nonappealable order of this Court. If the Debtors do not object within such 21-day period, the Transfer may proceed solely as set forth in the Transfer Notice. Further Transfers within the scope of this paragraph must comply with the Equity Transfer Procedures set forth in this paragraph 7(e).
- f. Unauthorized Transfers of Equity Securities. Effective as of the Petition Date and until further order of this Court to the contrary, any acquisition or disposition of Equity Securities (including Options to acquire stock) in violation of the Equity Transfer Procedures shall be null and void ab initio as an act in violation of the automatic stay under section 362 of the Bankruptcy Code.
- g. Special Rules. A person acquiring or disposing of Equity Securities in the capacity of agent of another person shall not be treated as a Substantial Equityholder solely to the extent that person is acting in the capacity of an agent, and shall not have an affirmative duty to inquire whether the account, customer, investment fund, principal, trust or beneficiary is subject to any restrictions or requirements under the Interim Order or the Final Order; provided, however, that the account, customer, fund, principal, trust or beneficiary shall not be excluded from the Interim Order or the Final Order by reason of this subsection.

FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE AND IN THE INTERIM ORDER SHALL CONSTITUTE A VIOLATION OF THE AUTOMATIC STAY UNDER SECTION 362 OF THE BANKRUPTCY CODE. ANY PROHIBITED PURCHASE, SALE, TRADE OR OTHER TRANSFER OF EQUITY SECURITIES (INCLUDING OPTIONS TO ACQUIRE STOCK) OF PEC IN VIOLATION OF THE INTERIM ORDER WILL BE NULL AND VOID AB INITIO AND MAY RESULT IN THE IMPOSITION OF SANCTIONS BY THE BANKRUPTCY COURT.

- 7. Any of the Debtors may waive in writing, and in their sole and absolute discretion, any and all restrictions, stays and notice procedures contained in the Interim Order.
- 8. Complete copies of the Motion and the Interim Order are available via PACER via the Court's website at <https://ecf.moeb.uscourts.gov> for a fee, or through the Debtors' Notice, Claims and Solicitation Agent, Kurtzman Carson Consultants, LLC ("KCC"), by

accessing their website at <http://www.kccclc.net/Peabody>, or by calling (a) a U.S.-based call center at (i) 866-967-1783 (toll free) or (ii) 310-751-2683 if calling from outside the U.S. or Canada; or (b) an Australia-based call center at (i) 1300-386-742 or (ii) +61-3-9415-4613 if calling from outside of Australia. If a hearing is held and a Final Order is entered, such Final Order will also be available as described in the preceding sentence.

9. The requirements set forth in this Notice are in addition to the requirements of Rule 3001(e) of the Federal Rules of Bankruptcy Procedure and applicable law, and do not excuse compliance therewith.

Dated: _____
St. Louis, Missouri

Steven N. Cousins, MO 30788
Susan K. Ehlers, MO 49855
Armstrong Teasdale LLP
7700 Forsyth Boulevard, Suite 1800
St. Louis, MO 63105
Telephone: (314) 621-5070
Facsimile: (314) 621-2239
Email: scousins@armstrongteasdale.com
Email: sehlers@armstrongteasdale.com

Heather Lennox (*pro hac vice* pending)
Jones Day
North Point
901 Lakeside Avenue
Cleveland, OH 44114
Telephone: (216) 586-3939
Facsimile: (216) 579-0212
Email: hlennox@jonesday.com

Amy Edgy (*pro hac vice* pending)
Daniel T. Moss (*pro hac vice* pending)
Jones Day
51 Louisiana Avenue, N.W.
Washington, D.C. 20001-2113
Telephone: (202) 879-3939
Facsimile: (202) 626-1700
Email: aedgy@jonesday.com
Email: dtmoss@jonesday.com

*Proposed Attorneys for Debtors
and Debtors in Possession*

ANNEX 1 TO EQUITY TRANSFER PROCEDURES NOTICE

Notice of Substantial Equityholder Status

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:

Peabody Energy Corporation, et al.,
Debtors.

Case No. 16-42529
CHAPTER 11

(Jointly Administered)

Related to Docket No. ____

NOTICE OF SUBSTANTIAL EQUITYHOLDER STATUS

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. **[Name of Equityholder]** is/has become a Substantial Equityholder¹ with respect to the common stock (the "Common Stock") in Peabody Energy Corporation ("PEC"), a debtor in Case No. 16-[____], pending in the United States Bankruptcy Court for the Eastern District of Missouri (the "Court").

2. As of _____, 20__, **[Name of Equityholder]** Beneficially Owns _____ shares of the Common Stock of PEC. The following table sets forth the date(s) on which **[Name of Equityholder]** acquired or otherwise became the Beneficial Owner of such Common Stock:

¹ For purposes of this Notice: (A) a "Substantial Equityholder" is any person or entity that Beneficially Owns (as defined below) at least 833,852 shares (representing approximately 4.5% of the 18,530,028 issued and outstanding shares of common stock) of PEC (as defined below); (B) "Beneficial Ownership" of equity securities shall be determined in accordance with applicable rules under section 382 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder and shall include (i) direct and indirect ownership (e.g., a holding company would be considered to Beneficially Own all shares owned or acquired by its subsidiaries), (ii) ownership by such holder's family members and persons or entities acting in concert with such holder to make a coordinated acquisition of stock and (iii) ownership of Options (as defined below) to acquire stock; and (C) an "Option" to acquire stock includes any contingent purchase, warrant, convertible debt, exchangeable shares, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

NUMBER OF SHARES OF COMMON STOCK	DATE ACQUIRED

(Attach additional page if necessary)

3. The last four digits of the taxpayer identification number of **[Name of Equityholder]** are _____.

4. Under penalty of perjury, **[Name of Equityholder]** hereby declares that it has examined this Notice and accompanying attachments (if any) and, to the best of its knowledge and belief, this Notice and any attachments that purport to be part of this Notice are true, correct and complete.

5. Pursuant to the **[Interim/Final]** Order establishing the Equity Transfer Procedures (as defined in the **[Interim/Final]** Order), this Notice is being (a) filed with the Court and (b) served upon: (i) the Debtors, c/o Peabody Energy Corporation, 701 Market Street, St. Louis, MO 63101 (Attn: Scott T. Jarboe, Esq., Vice President and Deputy General Counsel Corporate and Capital Markets); (ii) Jones Day, North Point, 901 Lakeside Avenue, Cleveland, OH 44114 (Attn: Heather Lennox, Esq.); (iii) Jones Day, 51 Louisiana Avenue, N.W., Washington, D.C. 20001 (Attn: Amy Edgy, Esq. and Daniel T. Moss, Esq.); and (iv) Armstrong Teasdale LLP, 7700 Forsyth Boulevard, Suite 1800, St. Louis, MO 63105 (Attn: Steven N. Cousins, Esq. and Susan K. Ehlers, Esq.).

Dated: _____
St. Louis, Missouri

Respectfully submitted,

(Name of Equityholder)

By: _____

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

ANNEX 2 TO EQUITY TRANSFER PROCEDURES NOTICE

Stock Acquisition Notice

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:

Peabody Energy Corporation, et al.,
Debtors.

Case No. 16-42529
CHAPTER 11

(Jointly Administered)

Related to Docket No. ____

STOCK ACQUISITION NOTICE

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. **[Name of Prospective Acquirer]** hereby provides notice of its intention to purchase, acquire or otherwise accumulate one or more shares of, or an Option with respect to (or to exercise such an Option) (any such action, a "Proposed Transfer"), the common stock (the "Common Stock") of Peabody Energy Corporation ("PEC"), a debtor in Case No. 16-[_____] pending in the United States Bankruptcy Court for the Eastern District of Missouri (the "Court").

2. If applicable, on **[Prior Date(s)]**, **[Name of Prospective Acquirer]** filed a Notice of Substantial Equityholder Status¹ with the Court and served copies thereof on the

¹ For purposes of this Notice: (A) a "Substantial Equityholder" is any person or entity that Beneficially Owns (as defined below) at least 833,852 shares (representing approximately 4.5% of the 18,530,028 issued and outstanding shares of common stock) of PEC; (B) "Beneficial Ownership" of equity securities shall be determined in accordance with applicable rules under section 382 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder and shall include (i) direct and indirect ownership (e.g., a holding company would be considered to Beneficially Own all shares owned or acquired by its subsidiaries), (ii) ownership by such holder's family members and persons or entities acting in concert with such holder to make a coordinated acquisition of stock and (iii) ownership of Options (as defined below) to acquire stock; and (C) an "Option" to acquire stock includes any contingent purchase, warrant, convertible debt, exchangeable shares, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

above-captioned debtors and debtors in possession (collectively, the "Debtors") and the Debtors' counsel.

3. **[Name of Prospective Acquirer]** currently Beneficially Owns _____ shares of Common Stock of PEC.

4. Pursuant to the Proposed Transfer, **[Name of Prospective Acquirer]** proposes, as applicable, to purchase, acquire or otherwise accumulate _____ shares of Common Stock or an Option (or to exercise such an Option) with respect to _____ shares of Common Stock. If the Proposed Transfer is permitted to occur, **[Name of Prospective Acquirer]** will Beneficially Own _____ shares of Common Stock after the transfer becomes effective.

5. The last four digits of the taxpayer identification number of **[Name of Prospective Acquirer]** are _____.

6. Under penalty of perjury, **[Name of Prospective Acquirer]** hereby declares that it has examined this Notice and accompanying attachments (if any) and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct and complete.

7. Pursuant to that certain **[Interim/Final]** Order establishing the Equity Transfer Procedures (as defined in the **[Interim/Final]** Order), this Notice is being (a) filed with the Court and (b) served upon: (i) the Debtors, c/o Peabody Energy Corporation, 701 Market Street, St. Louis, MO 63101 (Attn: Scott T. Jarboe, Esq., Vice President and Deputy General Counsel Corporate and Capital Markets); (ii) Jones Day, North Point, 901 Lakeside Avenue, Cleveland, OH 44114 (Attn: Heather Lennox, Esq.); (iii) Jones Day, 51 Louisiana Avenue, N.W., Washington, D.C. 20001 (Attn: Amy Edgy, Esq. and Daniel T. Moss, Esq.); and

(iv) Armstrong Teasdale LLP, 7700 Forsyth Boulevard, Suite 1800, St. Louis, MO 63105

(Attn: Steven N. Cousins, Esq. and Susan K. Ehlers, Esq.).

8. The Debtors have 21 days after receipt of this Notice to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will not be effective unless approved by a final and nonappealable order of the Court. If the Debtors do not object within such 21-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this Notice.

9. The undersigned Prospective Acquirer understands that any further transactions that may result in **[Name of Prospective Acquirer]** purchasing, acquiring, or otherwise accumulating additional shares of Common Stock or an Option (or exercising such an Option) will each require an additional notice to be filed with the Court and served in the same manner as this Notice.

Date: _____
St. Louis, Missouri

Respectfully submitted,

(Name of Prospective Acquirer)

By:

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

ANNEX 3 TO EQUITY TRADING PROCEDURES NOTICE

Stock Disposition Notice

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:

Peabody Energy Corporation, et al.,
Debtors.

Case No. 16-42529
CHAPTER 11

(Jointly Administered)

Related to Docket No. ____

STOCK DISPOSITION NOTICE

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. **[Name of Prospective Seller]**, a Substantial Equityholder,¹ hereby provides notice of its intention to sell, trade or otherwise transfer one or more shares of the common stock (the "Common Stock"), or an Option with respect thereto (any such action, a "Proposed Transfer"), of Peabody Energy Corporation ("PEC"), a debtor in Case No. 16-[____] pending in the United States Bankruptcy Court for the Eastern District of Missouri (the "Court").

2. If applicable, on **[Prior Date(s)]**, **[Name of Prospective Seller]** filed a Notice of Substantial Equityholder Status with the Court and served copies thereof on the

¹ For purposes of this Notice: (A) a "Substantial Equityholder" is any person or entity that Beneficially Owns (as defined below) at least 833,852 shares (representing approximately 4.5% of the 18,530,028 issued and outstanding shares of common stock) of PEC (as defined below); (B) "Beneficial Ownership" of equity securities shall be determined in accordance with applicable rules under section 382 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder and shall include (i) direct and indirect ownership (e.g., a holding company would be considered to Beneficially Own all shares owned or acquired by its subsidiaries), (ii) ownership by such holder's family members and persons or entities acting in concert with such holder to make a coordinated acquisition of stock and (iii) ownership of Options (as defined below) to acquire stock; and (C) an "Option" to acquire stock includes any contingent purchase, warrant, convertible debt, exchangeable shares, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

above-captioned debtors and debtors in possession (collectively, the "Debtors") and the Debtors' counsel.

3. **[Name of Prospective Seller]** currently Beneficially Owns _____ shares of Common Stock of PEC and/or Options with respect to _____ shares of Common Stock of PEC.

4. Pursuant to the Proposed Transfer, **[Name of Prospective Seller]** proposes to sell, trade or otherwise transfer _____ shares of Common Stock or an Option with respect to _____ shares of Common Stock. If the Proposed Transfer is permitted to occur, **[Name of Prospective Seller]** will Beneficially Own _____ shares of Common Stock after the transfer becomes effective.

5. The last four digits of the taxpayer identification number of **[Name of Prospective Seller]** are _____.

6. Under penalty of perjury, **[Name of Prospective Seller]** hereby declares that it has examined this Notice and accompanying attachments (if any) and, to the best of its knowledge and belief, this Notice and any attachments that purport to be part of this Notice are true, correct and complete.

7. Pursuant to that certain **[Interim/Final]** Order establishing the Equity Transfer Procedures (as defined in the **[Interim/Final]** Order), this Notice is being (a) filed with the Court and (b) served upon: (i) the Debtors, c/o Peabody Energy Corporation, 701 Market Street, St. Louis, MO 63101 (Attn: Scott T. Jarboe, Esq., Vice President and Deputy General Counsel Corporate and Capital Markets); (ii) Jones Day, North Point, 901 Lakeside Avenue, Cleveland, OH 44114 (Attn: Heather Lennox, Esq.); (iii) Jones Day, 51 Louisiana Avenue, N.W., Washington, D.C. 2000 (Attn: Amy Edgy, Esq. and Daniel T. Moss, Esq.); and

(iv) Armstrong Teasdale LLP, 7700 Forsyth Boulevard, Suite 1800, St. Louis, MO 63105

(Attn: Steven N. Cousins, Esq. and Susan K. Ehlers, Esq.).

8. The Debtors have 21 days after receipt of this Notice to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will not be effective unless approved by a final and nonappealable order of the Court. If the Debtors do not object within such 21-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this Notice.

9. The undersigned Prospective Seller understands that any further transactions that may result in **[Name of Prospective Seller]** selling, trading, or otherwise transferring shares of Common Stock (or an Option with respect thereto) will each require an additional notice to be filed with the Court and served in the same manner as this Notice.

Date: _____
St. Louis, Missouri

Respectfully submitted,

(Name of Prospective Seller)

By: _____
Name: _____
Title: _____
Address: _____

Telephone: _____
Facsimile: _____

Exhibit B

Record Date Notice

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

In re:

Peabody Energy Corporation, et al.,
Debtors.

Case No. 16-42529
CHAPTER 11

(Jointly Administered)

Related to Docket No. ____

**NOTICE OF (I) RECORD DATE FOR
NOTICE AND SELL-DOWN PROCEDURES FOR TRADING IN
CLAIMS AGAINST THE DEBTORS' ESTATES AND (II) A FINAL HEARING**

TO ALL PERSONS OR ENTITIES WITH CLAIMS AGAINST ANY OF THE DEBTORS:

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On April 13, 2016 (the "Petition Date"), PEC and its debtor affiliates commenced voluntary cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").
2. On April 13, 2016, the above-captioned debtors (collectively, the "Debtors") filed their Motion of Debtors and Debtors in Possession, Pursuant to Sections 105(a), 362 and 541 of the Bankruptcy Code for Entry of Interim and Final Orders: (I) Establishing Notice and Objection Procedures for Transfers of Equity Securities; (II) Establishing a Record Date for Notice and Sell-Down Procedures for Trading in Claims Against the Debtors' Estates; and (III) Granting Related Relief (the "Motion").
3. On _____, 2016, the United States Bankruptcy Court for the Eastern District of Missouri (the "Court") entered an interim order (the "Interim Order") setting the Record Date with respect to trading in claims against the Debtors, in order to assist the

Debtors in preserving certain tax benefits, including expected net operating losses (collectively, "NOLs").

4. Pursuant to the Interim Order, the Record Date is established as _____, 2016.

5. Pursuant to the Interim Order, claimholders and potential purchasers of claims against the Debtors ("Claims") are hereby notified that, if the Court ultimately approves a Sell-Down Order, claimholders that acquire Claims after the Record Date in an amount that would entitle them to receive more than 4.5% of the stock of the reorganized Debtors under a plan of reorganization may be subject to a required sell-down of any Claims purchased after the Record Date in accordance with the Sell-Down Procedures.

6. All persons or entities that acquired and hold Claims after the Record Date in an amount entitling such person or entity to receive more than 4.5% of the equity of the reorganized Debtors may be required to identify themselves to the Debtors and the official committee of unsecured creditors appointed in the Debtors' cases after the Court's approval of the disclosure statement which identifies potential recoveries for creditors.

7. A final hearing to consider the relief requested in the Motion and the entry of an order (the "Final Order") confirming the establishment of the Record Date on a final and permanent basis will be held on _____, 2016 at _____.m. Central Time before the Honorable _____ in the United States Bankruptcy Court for the Eastern District of Missouri, Courtroom _____, 111 S. 10th Street, 4th Floor, St. Louis, MO 63102.

8. Any objection to the granting of the relief requested by the Motion on a final basis shall be filed with the Court by _____, 2016 (the "Objection Deadline"), and served, so as to be received by the Objection Deadline, upon: (a) the Office of the United

States Trustee for the Eastern District of Missouri, 111 South 10th Street, Suite 6.353, St. Louis, MO 63102 (Attn: Paul Randolph, Esq.); (b) (i) the Debtors, c/o Peabody Energy Corporate Headquarters, Peabody Plaza, 701 Market St., St. Louis, MO 63101-1826 (Attn: Scott T. Jarboe, Esq., Vice President and Deputy General Counsel Corporate and Capital Markets); (ii) Jones Day, North Point, 901 Lakeside Avenue, Cleveland, OH 44114 (Attn: Heather Lennox, Esq.); (iii) Jones Day, 51 Louisiana Avenue, N.W., Washington, D.C. 20001 (Attn: Amy Edgy, Esq. and Daniel T. Moss, Esq.); (iv) Armstrong Teasdale LLP, 7700 Forsyth Boulevard, Suite 1800, St. Louis, MO, 63105 (Attn: Steven N. Cousins, Esq. and Susan K. Ehlers, Esq.); (c) (i) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (Attn: Damian S. Schaible, Esq. and Angela M. Libby, Esq.) and (ii) Bryan Cave LLP, 211 N. Broadway, Suite 3600, St. Louis, Missouri 63102 (Attn: Laura Uberti Hughes, Esq.), as counsel to Citibank, N.A. as Administrative Agent for the First Lien Secured Credit Facility and the Debtors' proposed debtor in possession secured credit facility; (d) Brown Rudnick LLP, as counsel to Wilmington Savings Fund Society, FSB as prospective trustee and collateral agent for the Secured Second Lien Notes; (e) Foley & Lardner LLP, as counsel to Wilmington Trust Company as prospective Indenture Trustee for the Unsecured Notes;¹ (f) Robinson & Cole LLP, as counsel to U.S. Bank as resigning trustee and collateral agent for the Second Lien Notes, the Unsecured Notes and the Convertible Notes;² (g) counsel to PNC Bank, N.A., as Administrator under the Debtors'

¹ These include the: (i) 6.00% Senior Notes due November 2018; (ii) 6.50% Senior Notes due September 2020; (iii) 6.25% Senior Notes due September 2021; and the (iv) 7.875% Senior Notes due November 2026.

² These include the: (i) 6.00% Senior Notes due November 2018; (ii) 6.50% Senior Notes due September 2020; (iii) 6.25% Senior Notes due September 2021; (iv) 7.875% Senior Notes due November 2026; and the (v) Convertible Junior Subordinated Debentures due December 2066.

prepetition accounts receivable securitization facility; (h) counsel to any ad hoc committees; and
(i) any party that has requested notice pursuant to Bankruptcy Rule 2002 as of the time of service.

9. Complete copies of the Motion and the Interim Order, with additional information about the Record Date and possible Sell-Down Order, are available via PACER via the Court's website at <http://ecf.moeb.uscourts.gov> for a fee, or through the Debtors' Notice, Claims and Solicitation Agent, Kurtzman Carson Consultants, LLC ("KCC"), by accessing their website at <http://www.kcccl.net/Peabody>, or by calling (a) a U.S.-based call center at (i) 866-967-1783 (toll free) or (ii) 310-751-2683 if calling from outside the U.S. or Canada; or (b) an Australia-based call center at (i) 1300-386-742 or (ii) +61-3-9415-4613 if calling from outside of Australia. If a hearing is held and a Final Order is entered, such Final Order will also be available as described in the preceding sentence.

10. The entry of the Interim and Final Orders shall in no way prejudice the rights of any party to oppose the entry of a Sell-Down Order, on any grounds, and all parties' rights are expressly preserved by the Interim and Final Orders.

11. The requirements set forth in this Notice are in addition to the requirements of Rule 3001(e) of the Federal Rules of Bankruptcy Procedure and applicable law, and do not excuse compliance therewith.

Dated: _____
St. Louis, Missouri

Steven N. Cousins, MO 30788
Susan K. Ehlers, MO 49855
Armstrong Teasdale LLP
7700 Forsyth Boulevard, Suite 1800
St. Louis, MO 63105
Telephone: (314) 621-5070
Facsimile: (314) 621-2239
Email: scousins@armstrongteasdale.com
Email: sehlers@armstrongteasdale.com

Heather Lennox (*pro hac vice* pending)
Jones Day
North Point
901 Lakeside Avenue
Cleveland, OH 44114
Telephone: (216) 586-3939
Facsimile: (216) 579-0212
Email: hlennox@jonesday.com

Amy Edgy (*pro hac vice* pending)
Daniel T. Moss (*pro hac vice* pending)
Jones Day
51 Louisiana Avenue, N.W.
Washington, D.C. 20001-2113
Telephone: (202) 879-3939
Facsimile: (202) 626-1700
Email: aedgy@jonesday.com
Email: dtmoss@jonesday.com

*Proposed Attorneys for Debtors
and Debtors in Possession*

Exhibit C

Publication Notice

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:

Peabody Energy Corporation, et al.,
Debtors.

Case No. 16-42529

CHAPTER 11

(Jointly Administered)

Related to Docket No. ____

**NOTICE OF RESTRICTION OF TRADING IN EQUITY OF PEABODY ENERGY
CORPORATION, AND RECORD DATE FOR NOTICE AND SELL-DOWN
PROCEDURES FOR TRADING IN CLAIMS AGAINST THE DEBTORS' ESTATES**

**TO ALL PERSONS OR ENTITIES WITH EQUITY INTERESTS IN PEABODY
ENERGY CORPORATION, OR CLAIMS AGAINST ANY OF THE DEBTORS:**

PLEASE TAKE NOTICE OF THE FOLLOWING:

On April 13, 2016 (the "Petition Date"), the above-captioned debtors (collectively, the "Debtors") commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

On the Petition Date, the Debtors filed the Motion of the Debtors, Pursuant to Sections 105(a), 362 and 541 of the Bankruptcy Code, for Entry of Interim and Final Orders: (I) Establishing Notice and Objection Procedures for Transfers of Equity Securities; (II) Establishing a Record Date for Notice and Sell Down Procedures for Trading in Claims Against the Debtors' Estates; and (III) Granting Related Relief (the "Motion").

On _____, 2016, the United States Bankruptcy Court for the Eastern District of Missouri (the "Court") entered an interim order (the "Interim Order") (a) approving procedures with respect to transfers of equity securities in Peabody Energy Corporation (the "Equity Transfer Procedures") and (ii) setting the record date with respect to trading in claims against the Debtors, in order to assist the Debtors in preserving their net operating losses and certain other tax benefits (collectively, "NOLs").

**FAILURE TO FOLLOW THE EQUITY TRANSFER PROCEDURES SET FORTH IN
THE INTERIM ORDER SHALL CONSTITUTE A VIOLATION OF THE AUTOMATIC
STAY UNDER SECTION 362 OF THE BANKRUPTCY CODE. ANY PROHIBITED
PURCHASE, SALE, TRADE OR OTHER TRANSFER OF EQUITY SECURITIES
(INCLUDING OPTIONS TO ACQUIRE STOCK) IN PEABODY ENERGY
CORPORATION, IN VIOLATION OF THE INTERIM ORDER WILL BE NULL AND
VOID AB INITIO, SHALL CONFER NO RIGHTS ON THE TRANSFEREE AND MAY
RESULT IN THE IMPOSITION OF SANCTIONS BY THE BANKRUPTCY COURT.**

Pursuant to the Interim Order, the Record Date is established as _____,
2016.

Claimholders and potential purchasers of claims against the Debtors ("Claims") are hereby notified that, if the Court ultimately approves a Sell-Down Order, claimholders that acquire Claims after the record date in an amount that would entitle them to receive more than 4.5% of the stock of the reorganized Debtors under a plan of reorganization or pursuant to a qualifying asset sale may be subject to a required sell-down of any Claims purchased after the record date in accordance with the Sell-Down Procedures.

All persons or entities that acquired and hold Claims after the record date in an amount entitling such person or entity to receive more than 4.5% of the equity of the reorganized Debtors may be required to identify themselves to the Debtors and the official committee of unsecured creditors after the Court's approval of a qualifying sale.

A final hearing to consider the relief requested in the Motion and the entry of an order (the "Final Order") implementing the Equity Transfer Procedures on a final and permanent basis shall be held on _____, 2016 at __:___.m Central Time, before the Honorable _____ at _____.

Objections to the Motion must be filed with the Court and served so as to be received on [____], 2016 on (a) the Office of the United States Trustee for the Eastern District of Missouri, 111 South 10th Street, Suite 6.353, St. Louis, MO 63102 (Attn: Paul Randolph, Esq.); (b) (i) the Debtors, c/o Peabody Energy Corporate Headquarters, Peabody Plaza, 701 Market St., St. Louis, MO 63101-1826 (Attn: Scott T. Jarboe, Esq., Vice President and Deputy General Counsel Corporate and Capital Markets); (ii) Jones Day, North Point, 901 Lakeside Avenue, Cleveland, OH 44114 (Attn: Heather Lennox, Esq.); (iii) Jones Day, 51 Louisiana Avenue, N.W., Washington, D.C. 20001 (Attn: Amy Edgy, Esq. and Daniel T. Moss, Esq.); (iv) Armstrong Teasdale LLP, 7700 Forsyth Boulevard, Suite 1800, St. Louis, MO, 63105 (Attn: Steven N. Cousins, Esq. and Susan K. Ehlers, Esq.); (c) (i) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (Attn: Damian S. Schaible, Esq. and Angela M. Libby, Esq.) and (ii) Bryan Cave LLP, 211 N. Broadway, Suite 3600, St. Louis, Missouri 63102 (Attn: Laura Uberti Hughes, Esq.), as counsel to Citibank, N.A. as Administrative Agent for the First Lien Secured Credit Facility and the Debtors' proposed debtor in possession secured credit facility; (d) Brown Rudnick LLP, as counsel to Wilmington Savings Fund Society, FSB as prospective trustee and collateral agent for the Secured Second Lien Notes; (e) Foley & Lardner LLP, as counsel to Wilmington Trust Company as prospective Indenture Trustee for the Unsecured Notes; (f) Robinson & Cole LLP, as counsel to U.S. Bank as resigning trustee and collateral agent for the Second Lien Notes, the Unsecured Notes and the Convertible Notes; (g) counsel to PNC Bank, N.A., as Administrator under the Debtors' prepetition accounts receivable securitization facility; (h) counsel to any ad hoc committees; and (i) any party that has requested notice pursuant to Bankruptcy Rule 2002 as of the time of service.

The entry of the Interim and Final Orders shall in no way prejudice the rights of any party to oppose the entry of a Sell-Down Order, on any grounds, and all parties' rights are expressly preserved by the Interim and Final Orders.

Any of the Debtors may waive in writing, and in their sole and absolute discretion, any and all restrictions, stays and notice procedures contained in the Interim Order.

Complete copies of the Motion and the Interim Order are, and any Final Order will be, available via PACER via the Court's website at <https://ecf.moeb.uscourts.gov> for a fee, or through the Debtors' Notice, Claims and Solicitation Agent, Kurtzman Carson Consultants, LLC ("KCC"), by accessing their website at <http://www.kccllc.net/Peabody>, or by calling (a) a U.S.-based call center at (i) 866-967-1783 (toll free) or (ii) 310-751-2683 if calling from outside the U.S. or Canada; or (b) an Australia-based call center at (i) 1300-386-742 or (ii) +61-3-9415-4613 if calling from outside of Australia.